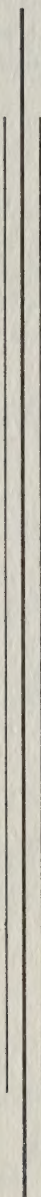


JOUTEL COPPER MINES LIMITED

(NO PERSONAL LIABILITY)

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Annual Report

FOR THE YEAR ENDED DECEMBER 31st, 1970

Joutel Copper Mines Limited

(No PERSONAL LIABILITY)

DIRECTORS

K. BURN, Q.C.	-	-	-	-	-	-	-	-	-	-	Toronto, Ontario
E. FUTTERER	-	-	-	-	-	-	-	-	-	-	Toronto, Ontario
K. C. GRAY	-	-	-	-	-	-	-	-	-	-	Toronto, Ontario
W. S. ROW	-	-	-	-	-	-	-	-	-	-	Toronto, Ontario
J. H. STOVEL	-	-	-	-	-	-	-	-	-	-	Toronto, Ontario

OFFICERS

J. H. STOVEL	-	-	-	-	-	-	-	-	-	-	President
E. FUTTERER	-	-	-	-	-	-	-	-	-	-	Vice-President
R. D. STEWART	-	-	-	-	-	-	-	-	-	-	Secretary
I. D. BAYER	-	-	-	-	-	-	-	-	-	-	Treasurer
A. D. DICKSON	-	-	-	-	-	-	-	-	-	-	General Manager
D. B. CAMPBELL, Joutel, Quebec	-	-	-	-	-	-	-	-	-	-	Manager

HEAD OFFICE

SUITE 605 - 399 ST. JOSEPH STREET EAST
QUEBEC CITY, P.Q.

EXECUTIVE OFFICE

SUITE 1600 - 44 KING STREET WEST
TORONTO 1, ONTARIO

MINE OFFICE

JOUTEL, QUEBEC

TRANSFER AGENT AND REGISTRAR

THE ROYAL TRUST COMPANY
P.O. Box 7500 - Postal Station "A"
Toronto 116, Ontario

ANNUAL MEETING

Wednesday, April 14th, 1971, at 12:00 o'clock noon
Le Chateau Champlain, Montreal, Quebec

JOUTEL COPPER MINES LIMITED

(No Personal Liability)

INFORMATION CIRCULAR

This Information Circular is furnished in connection with the Annual Meeting of the Shareholders of the Company to be held on Wednesday, the 14th day of April, 1971 at the time and place and for the purposes set forth in the Notice of Meeting.

VOTING SHARES

At the close of business on February 10th, 1971 the Company had 4,889,073 outstanding common shares of a par value of \$1.00 each and the holders of such shares are entitled to one vote for each share held, at such Meeting and at any adjournment thereof. The Management of the Company has been informed that Kerr Addison Mines Limited is the only person or company which owns beneficially, directly or indirectly more than 10% of the outstanding common shares of the Company, owning 3,097,091 shares, or 63% at February 10th, 1971.

Only shareholders of record at the time set for the Meeting will be entitled to vote at the Meeting or any adjournment thereof.

ELECTION OF DIRECTORS

The Management of the Company proposes to nominate the five persons listed below as Directors of the Company. Each Director so elected will hold office until the next annual meeting or until his successor is duly elected, or appointed. It is the intention of the persons named in the enclosed form of proxy to vote for the election of the persons nominated, all of whom are now Directors of the Company and have been since the dates indicated, except Dr. Paul M. Kavanagh who has not been previously elected to the Board of Directors. If any of the nominees should be unable to serve as Directors of the Company for any unforeseen reason the persons named in the enclosed form of proxy reserve the right to vote for another nominee in their discretion.

<u>Name</u>	<u>Positions and Offices with the Company</u>	<u>Principal Occupation</u>	<u>Became Director</u>	<u>Common shares owned directly or indirectly at February 10th, 1971</u>
K. Burn, Q.C.		Vice-President and General Counsel of Canada Permanent Companies.	1966	101
E. Futterer	Vice-President	Vice-President — Exploration of Noranda Mines Limited.	1966	1
Dr. Paul M. Kavanagh		Vice-President of Kerr Addison Mines Limited since April, 1970. From April, 1967 to April, 1970 he was Vice-President — Exploration of Kerr Addison Mines Limited, prior to which he was Chief Geologist of that Company.	—	1,000
W. S. Row		Executive Vice-President of Noranda Mines Limited.	1961	501
J. H. Stovel	President	President of Kerr Addison Mines Limited.	1964	1

REMUNERATION OF DIRECTORS AND SENIOR OFFICERS

- (1) Aggregate direct remuneration paid or payable by the Company and its subsidiaries in 1970 to the Directors and senior officers of the Company was \$57,300.
- (2) Estimated aggregate cost to the Company and its subsidiaries in 1970 of all pension or retirement benefits proposed to be paid to the Directors and senior officers of the Company under existing plans in the event of retirement at normal retirement age was \$1,425.

APPOINTMENT OF AUDITORS

The persons named in the enclosed form of proxy intend to vote for the re-appointment of Messrs. Clarkson, Gordon & Co., Chartered Accountants, Toronto, as auditors of the Company, to hold office until the next Annual Meeting of Shareholders. Messrs. Clarkson, Gordon & Co. have been auditors of the Company for more than five years.

OTHER BUSINESS

The Management of the Company knows of no matters to come before the Meeting other than the matters referred to in the Notice of Meeting. However, if matters not now known to the Management should come before the Meeting, shares represented by proxies solicited by the Management will be voted on each such matter in accordance with the best judgment of the nominee voting same.

On behalf of the Board,

R. D. STEWART,
Secretary.

February 10th, 1971.

Joutel Copper Mines Limited

Directors' Report

TO THE SHAREHOLDERS:

Your Directors submit herewith the Annual Report for the year ended December 31, 1970. The Manager's report covering operations is included herein.

Net income for the year decreased by \$595,000 to \$1,280,000 largely resulting from the downward trend in copper prices in 1970 as compared to the upward trend in 1969. While maintaining its working capital position, the Company paid dividends of 50¢ per share in 1970 as compared to 25¢ per share in 1969 after the redemption of income debentures was completed. Although the Company's three year period of exemption from income taxes granted new mines expired at the end of February, 1970, no income tax liability is anticipated during 1971 due to the availability of pre-production expenditures for write-offs.

The lower level of economic activity in North America caused a reduction in metal consumption generally. The copper market eased in 1970 as world mine production rose 6%, while refined copper deliveries showed little change as lower demand in the United States offset the increase overseas.

The London Metal Exchange price for copper dropped from 81.75¢ U.S. per pound in mid-April to 61.5¢ by mid-year, and to 47¢ by year end. The U.S. producers increased their price 4¢ to 60¢ in March, then reduced it to 56¢ in October and 53¢ in November. After the Canadian price increase of 9¢ on January 1 was voluntarily suspended for two months, the Canadian Government permitted an increase on March 1 of only 2¢ to 59¢ which held until October when the price decreased to 57.3¢ and again to 53.75¢ in early December .

Mine operating costs increased to \$7.22 per ton compared to \$6.95 per ton in 1969 due to increased cost of labour and supplies. There were no compensable accidents during the year. Mr. D. B. Campbell, Manager, Mr. J. K. Carrington, his assistant, other members of the staff and all employees are to be congratulated on a safe and efficient operation.

On behalf of the Board,

J. H. STOVEL,

President.

February 1, 1971.

Joutel Copper

(No Personal Liability)

(Incorporated under the laws of the Province of Ontario)

BALANCE SHEET

(with comparative figures for 1969)

ASSETS

	1970	1969
CURRENT:		
Cash and short-term commercial notes	\$ 353,805	\$ 249,172
Accounts receivable	6,454	7,451
Smelter settlements, at estimated value	1,230,868	1,498,209
Prepaid expense	25,929	23,760
Inventory of supplies, at lower of cost and market	31,927	26,987
	<u>1,648,983</u>	<u>1,805,579</u>
FIXED:		
Buildings and equipment, at cost	1,571,629	1,540,959
Less accumulated depreciation (note 1)	978,561	690,561
	<u>593,068</u>	<u>850,398</u>
Mining properties, at cost less amortization (note 1)	163,775	245,375
	<u>756,843</u>	<u>1,095,773</u>
DEFERRED:		
Exploration, development and other expenditures, at cost less amortization (note 1)	1,472,587	2,168,881
Prepaid milling expenses	239,407	362,439
Hydro deposit	13,552	17,284
	<u>1,725,546</u>	<u>2,548,604</u>
	<u><u>\$4,131,372</u></u>	<u><u>\$5,449,956</u></u>

(See accompanying notes)

AUDITORS' REPORT

To the Shareholders of
Joutel Copper Mines Limited
(No Personal Liability):

We have examined the balance sheet of Joutel Copper Mines Limited (No Personal Liability) as at December 31, 1970, and the statements of operations, earned surplus, and source and application of funds for the year then ended and have obtained all the information and explanations we have required. Our examination included a general review of the accounting procedures and such tests of accounting records and other supporting evidence as we considered necessary in the circumstances.

In our opinion and according to the best of our information and the explanations given to us, and as shown by the books of the company, these financial statements are properly drawn up so as to exhibit a true and correct view of the state of the affairs of the company as at December 31, 1970, the results of its operations and the source and application of its funds for the year then ended, in accordance with generally accepted accounting principles applied on a basis consistent with that of the preceding year.

Toronto, Canada,
January 18, 1971.

CLARKSON, GORDON & CO.,
Chartered Accountants.

ines Limited

ABILITY)

aws of Quebec)

CEMBER 31, 1970

December 31, 1969)

LIABILITIES

	1970	1969
CURRENT:		
Accounts payable and accrued charges	\$ 158,168	\$ 124,002
Mining taxes payable	104,648	303,181
Balance of dividends payable	72,815	62,268
	<u>335,631</u>	<u>489,451</u>
CAPITAL AND SURPLUS:		
Capital stock —		
Authorized:		
5,000,000 shares of a par value of \$1.00 each		
Issued:		
4,889,073 shares	4,889,073	4,889,073
Less discount	1,753,300	1,753,300
	<u>3,135,773</u>	<u>3,135,773</u>
Earned surplus	659,968	1,824,732
	<u>3,795,741</u>	<u>4,960,505</u>
On behalf of the Board:		
J. H. STOVEL, Director.		
EDWARD FUTTERER, Director.		
	<u>\$4,131,372</u>	<u>\$5,449,956</u>

financial statements)

NOTES TO FINANCIAL STATEMENTS

December 31, 1970

1. Depreciation and amortization charges

Depreciation and amortization with respect to mining claims and properties, buildings and equipment, and exploration, development and other expenditures are being provided on the basis of writing off such assets and expenditures over the estimated productive life of the mine.

2. Income taxes

No income taxes are payable on the current year's income as the company has sufficient unclaimed exploration, development and other expenditures incurred prior to the end of the three year tax free period which ended February 28, 1970.

3. Remuneration of directors and officers

Remuneration was paid to directors and senior officers of \$1,700 and \$55,600 respectively in 1970 (\$1,050 and \$54,110 in 1969).

Joutel Copper Mines Limited

(NO PERSONAL LIABILITY)

STATEMENT OF OPERATIONS FOR THE YEAR ENDED DECEMBER 31, 1970 (with comparative figures for 1969)

	1970	1969
REVENUE:		
Metal produced	\$4,402,539	\$5,220,852
Interest earned	59,703	121,993
	<u>4,462,242</u>	<u>5,342,845</u>
EXPENSE:		
Cost of metal production	1,782,061	1,681,309
Administrative and corporate	77,809	73,438
Debenture interest		111,716
	<u>1,859,870</u>	<u>1,866,463</u>
Income before depreciation, amortization and mining taxes	<u>2,602,372</u>	<u>3,476,382</u>
DEPRECIATION AND AMORTIZATION:		
Exploration, development and other expenditures	722,000	713,000
Buildings and equipment	288,000	277,500
Mining properties	81,600	81,600
Debenture discount		206,819
	<u>1,091,600</u>	<u>1,278,919</u>
Provision for mining taxes	<u>231,000</u>	<u>322,000</u>
	<u>1,322,600</u>	<u>1,600,919</u>
Net income for the year	<u>\$1,279,772</u>	<u>\$1,875,463</u>
Earnings per share	<u>26¢</u>	<u>38¢</u>

STATEMENT OF EARNED SURPLUS FOR THE YEAR ENDED DECEMBER 31, 1970 (with comparative figures for 1969)

	1970	1969
Balance beginning of year	\$1,824,732	\$1,171,536
Net income for the year	1,279,772	1,875,463
	<u>3,104,504</u>	<u>3,046,999</u>
Dividends declared (per share: 1970 — 50¢; 1969 — 25¢)	<u>2,444,536</u>	<u>1,222,267</u>
Balance end of year	<u>\$ 659,968</u>	<u>\$1,824,732</u>

(See accompanying notes to financial statements)

Joutel Copper Mines Limited

(No PERSONAL LIABILITY)

STATEMENT OF SOURCE AND APPLICATION OF FUNDS FOR THE YEAR ENDED DECEMBER 31, 1970 (with comparative figures for 1969)

	1970	1969
SOURCE:		
From operations —		
Net income from operations	\$1,279,772	\$1,875,463
Add items deducted in arriving at net income which did not involve an outlay of cash:		
Amortization of exploration, development and other expenditures	722,000	713,000
Provision for depreciation	288,000	277,500
Amortization of mining properties	81,600	81,600
Amortization of debenture discount		206,819
Write-off of incorporation expenses		3,000
	<hr/>	<hr/>
	2,371,372	3,157,382
Recovery of prepaid milling expenses	123,032	121,449
Reduction in hydro deposit	3,732	5,227
	<hr/>	<hr/>
Total source of funds	2,498,136	3,284,058
	<hr/>	<hr/>
APPLICATION:		
Exploration, development and other expenditures	25,706	54,115
Purchase of fixed assets	30,670	1,800
Dividends declared	2,444,536	1,222,267
Redemption of income debentures less related debenture discount		2,592,355
	<hr/>	<hr/>
Total funds applied	2,500,912	3,870,537
	<hr/>	<hr/>
Decrease in working capital	2,776	586,479
Working capital, beginning of year	1,316,128	1,902,607
	<hr/>	<hr/>
Working capital, end of year	<u>\$1,313,352</u>	<u>\$1,316,128</u>

(See accompanying notes to financial statements)

Joutel Copper Mines Limited

(NO PERSONAL LIABILITY)

MANAGER'S REPORT

TO THE PRESIDENT AND DIRECTORS:

The following is a report of operations at the mine during 1970.

PRODUCTION	1970	1969
Dry tons milled	246,760	241,899
Average dry tons per calendar day	676	663
Average grade of ore (% Cu.)	2.17	2.26
Concentrate grade (% Cu.)	22.5	24.6
Recovery (%)	92.1	91.6
DEVELOPMENT		
Drifts and crosscuts (ft.)	1,842	1,326
Raises (ft.)	1,060	858
Blast-hole drilling (ft.)	17,717	40,609
Diamond drilling to detail ore (ft.)	14,393	24,136
Exploration drilling (ft.)	3,348	5,495

Ore reserves at year end were estimated to contain 387,600 tons with an average grade of 2.35% copper compared to 660,000 tons grading 2.37% copper a year earlier. In addition, a re-assessment of the zinc zone by further diamond drilling has indicated 200,000 tons estimated to contain 12.17% zinc and 0.20% copper.

The manpower situation remains steady. More than 84% of all employees have been on the payroll for more than one year.

There were no compensable accidents during 1970 nor during the last four months of the previous year.

The loyalty and service of the staff and employees are sincerely appreciated. The assistance and support of the Officers and Directors of the Company are gratefully acknowledged.

Respectfully submitted,

D. B. CAMPBELL,

Manager.

January 21, 1971.